Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

CONFIDENTIAL

PAGE 01 ADDIS 00275 091846Z

72
ACTION AF-18

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 OMB-01 TRSE-00 EB-11 OC-06 CCO-00 OCL-00

DRC-01 /115 W
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FM AMEMBASSY ADDIS ABABA
TO SECSTATE WASHDC 7170
INFO AMCONSUL ASMARA

C O N F I D E N T I A L ADDIS ABABA 0275

E.O. 11652: GDS
TAGS: MARR ET
SUBJ: LANDING/PARKING/NAVIGATION FEES AND MAAG SUPPORT COSTS

REF: STATE 237352

1. INTRODUCTION AND SUMMARY: DURING PAST MONTH EMBOFFS RAISED PROPOSAL CONTAINED REFTEL PARA 4(A) WITH ASST MIN OF BUDGET PERPARATION IN MINISTRY OF FINANCE (MOF) AND WITH DIRECTOR OF BUDGET IN MINISTRY OF DEFENSE (MOD). (ON ASSUMPTION CAA ADMINISTRATOR WOULD AGREE WITH FORMULA AS DESCRIBED IN REFTEL PARAS 2 AND 3, WE DID NOT DISCUSS MATTER WITH CAA.) BOTH MINISTRY OFFICIALS INDICATED GENERAL AGREEMENT WITH DEPTS. PROPOSAL TO REDUCE USG DEBT TO CAA FROM CURRENT MAAG SUPPORT ASSESSMENTS AS WELL AS ELIMINATION MAAG SUPPORT ARREARAGES, PROVIDING THAT CERTAIN ASPECTS COULD BE CLARIFIED TO SATISFACTION THEIR SUPERIORS. FROM DISCUSSIONS WITH IEG OFFICIALS, IT EVIDENT MORE TIME WILL BE NECESSARY FOR IEG TO SORT OUT ITS POSITION, PARTICULARLY WITH REGARD MAAG SUPPORT ARREARAGES.

2. POINTS RAISED BY IEG OFFICIALS INCLUDED:
A) MOD REP QUESTIONED WHTHER USG REALLY SERIOUS ABOUT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ADDIS 00275 091846Z

COLLECTING MAAG SUPPORT ARREARAGES. HE ARGUED ALONG EXPECTED

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

LINES, I.E., ETHIOPIA POOR, USG RICH; IEG UNDER SEVERE BUDGETARY RESTRAINTS, ETC. HE ALSO COMMENTED THAT USG SHOULD HAVE PRESSED HARDER FOR PAYMENT OF MAAG SUPPORT ARREARS AND ANNUAL CHARGES, PARTICULARLY IN PAST FEW YEARS. HE SPECULATED THAT WHILE IEG PROBABLY WILLING OFFSET PREVIOUS AND FUTURE USG DEBTS TO CAA FROM MAAG SUPPORT ASSESSMENT, ACTUAL CASH PAYMENT BY IEG TO ELIMINATE ITS DEBTS NORE DIFFICULT MATTER. EMBOFFS RESPONDED THAT USG INDEED SERIOUS ABOUT COLLECTING MAAG SUPPORT ARREARS, POINTED OUT RECENT CONGRESSIONAL INTERST RE DEBTS TO USG, AND MENTIONED THAT ARREARAGES COULD ADVERSELY AFFECT ETHIOPIA'S MAP ALLOCATION IN CONGRESS. MOF OFFICIAL, ON OTHER HAND, INDICATED IEG SUPPORT FOR PRINCIPLE ELIMINATION OF MUTUALLY AGREED IEG ARREARAGES.

B) PROPOSED PROCEDURE FOR REDUCTION USG DEBT TO CAA FROM CURRENT MAAG SUPPORT ASSESSMENTS SEEMED AGREAABLE TO BOTH OFFICIALS. MOF REP SAID THAT DUE USG-CAA INABILITY DECIDE ON FORMUAL FOR PARKING/LANDING/NAVIGATION FEES, MOF HAD BEEN UNABLE DETERMINE AMOUNTS OR ROUTINELY TO IMPLEMENT OFFSET PROCEDURE. EMBOFFS INFORMED HIM THAT MUTUAL USG-CAA AGREEMENT NOW REACHED. (ADDIS 9796)

C) MOD ANDMOG REPS ASKED ABOUT BASIS OF ETH $1.5 MILLION FIGURE FOR IEG'S ASSESSMENT TO MAAG SUPPORT. WHILE THEY, THEMSLEVES, SEEMED CONVINCED ON BASIS OF PREVIOUS MOFA DIPLOMATIC NOTES AND FACT E$1.5 MILLIN FIGURE USED IN ANNUAL BUDGET THAT IEG IN HAD AGREED TO THIS FUGYRE, MOF OFFICIAL POINTED OUT THE WOULD NEED SOLID CASE TO PRESENT TO IEG AUDITORS. HE SAID THAT AS SOON AS ANNUAL BUDGET PREPARATION COMPLETED IN ABOUT A MONTH HE WOULD RESEARCH FILES TO DETERMINE IF DOCUMENTATION ON IEG ACCEPTANCE E$1.5 MILLION WAS ADEQUATE. EMBOFFS REMINDED OFFICIALS THAT BY SIGNING MUTUAL DEFENSE ASSISTANCE AGREEMENT, IEG HAS AGREED MAKE AVAILABLE ETH DOLLARS FOR MAAG ADMINISTRATIVE AND OPERATIONAL EXPENESE. IN 1961 AFTER JOINT NEGOTIATIONS USG UNILATERALLY ASSUMED SUBSTANTIAL PORTION THESE COSTS ON TEMPORARY BASIS AND ASSESSED IEG FOR ONLY E$1.5 MILLION.

D) BOTH MINISTRY OFFICIALS SAID THERE QUESTION WITHIN THE IEG AS TO WHY THE E$1.5 MILLION FIGURE HAD NOT BEEN REDUCED AS SIZE OF MAAG STAGG WAS REDUCED AND IF IT REALLY COST THAT MUCH TO SUPPORT CURRENT MAAG OPERATIONS.

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EMBOFFS REMINDED BOTH MEN THAT THE E$1.5 MILLION WAS AN ARBITRARY FIGURE WHICH IN NO WAY REFLECTED ACTUAL COSTS OF MAAG OPERATIONS AND THAT EVEN THOUGH MAAG STAFF HAS BEEN REDUCED OVER YEARS, ACTUAL COSTS STILL RUNNING MORE THAN TWICE WHAT IEG BEING ASSESSED. EMBOFFS ALSO POINTED OUT THAT FIGURE AGREED UPON IN 1961 WAS CONSIDERED TEMPORARY FIGURE DUE TO IEG FINANCIAL HARDSHIPS AT THAT TIME AND THAT THE USG ALWAYS RESERVED THE RIGHT TO ASSESS IEG FOR

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

ACTUAL COSTS. THEREFORE, IT WOULD NOT RPT NOT SEEM BE IN IEG'S INTEREST TO OPEN THE MATTER OF RENEGOTIATION OF MAAG SUPPORT ASSESSMENT. IEG REPS RESPONDED THAT THEY WOULD HAVE TO DISCUSS AND EXPLAIN MATTER TO THEIR SENIORS.

E) PERIOD FOR DEBT ELIMINATION WAS BROUGHT UP BY BOTH OFFICIALS. OFFICALS SPECULATED IEG WOULD CINSIDER TWO YEARS TOO SHORT A TIME TO ELIMINATE COSTS (PRESENTLY ESTIMATED AT ETH $10.15 MILLION). EMBOFFS SAID THAT ONCE IEG INFORMALLY AGREES TO OUT PROPOSAL FOR CONCURRENT DEBT ELIMINATION AND FOR FUTURE PAYMENT ON CURRENT BASIS, IT SHOULD PRESENT US WITH ANY IEG PROPOSAL FOR ALTERNATE RE-PAYMENT SCHEDULE WHICH WE WOULD TRANSMIT TO WASHINGTON. EMBOFFS REITERATED USG'S KEEN INTEREST IN ELIMINATING BOTH IEG AND USG DEBTS AS QUICKLY AS POSSIBLE.

3. AS MATTER NOW STANDS,MOD REP WILL CONVENE APPROPRIATE IEG AGENCIES TO DISCUSS MATTER, FOLLOWING WHICH EMBASSY REPS WILL BE INVITED TO PRESENT USG PROPOSAL. EVEN IF AMOUNTS ARREAGES AND PRINCIPLE OF MUTUAL ELIMINATIONS ARE ACCEPTED BY IEG, IT CLEAR THAT IEG WILL REQUIRE TIME TO SORT OUT INTERNAL PROCEUDRES FOR AUTHORIZATION OF REPAYMENTS.

4. COMMENT: ALTHOUGH IT APPEARS MATTER WILL NOT BE RE-SOLVED AS SOON AS WE HAD HOPED, WE THINK CURRENT IEG REVIEW OF MAAG SUPPORT ISSUE BENEFICIAL AND HAVE THEREFORE DECIDED FOR TIME BEING NOT TO FALL BACK ON ORIGINAL PROPOSAL, PARA 4(B) REFTEL.
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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Disposition Action: RELEASED
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US Department of State
EO Systematic Review
30 JUN 2005

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